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STEERING GROUP OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

U.S. Position on Far East Economic Defense Organization

Attached is the position of the U.S. Government with respect to the multilateral economic security program in the Far East. This document has been cleared by the Far Eastern Economic Defense Working Group and the Steering Group. It is distributed to the members of the Advisory Committee for their information.

E.G.Platt, Jr.
Secretary

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UNITED STATES POSITION ON FAR EAST ECONOMIC DEFENSE ORGANIZATION

The position of the United States Government with respect to the multilateral economic security program in the Far East is that set forth below.

A. Organization

There would be a Far East Consultative Group (FE-CG) parallel to the existing Consultative Group which would be redesignated the European CG (E-CG), with representation on the ministerial level. There would be a Far East Coordinating Committee (FE-COCOM) on a level equivalent to the existing COCOM which would be redesignated the European COCOM (E-COCOM). The FE-CG would deal on a policy level with economic security measures having an important Far Eastern aspect. The FE-COCOM would deal on a working level with economic security problems within a policy context determined by the FE-CG. Both the FE-CG and the FE-COCOM would include countries having an important interest in Far Eastern economic security problems. Countries would be represented in the FE-COCOM by officials having special competence in Far Eastern matters. The E-CG and the FE-CG would meet together jointly as a top policy group to consider security trade problems of common interest to Europe and the Far East.

1. Far East Consultative Group

a. Membership

The membership of the FE-CG should include those countries which have an important interest in Far Eastern economic security problems. The membership should include at least Japan, the United States, the United Kingdom, Canada and France. Other countries having an important interest in Far Eastern economic security measures should be invited to join in the effort. Invitations should be extended to potential members as soon as agreement has been reached at the Five Power meeting.

b. Location

The FE-CG would determine the time and place of its meetings. The FE-CG and the E-CG would meet jointly when consultation of the two groups is considered necessary by either group or by a member of either group.

c. Administration

The Secretariat services for meetings of the FE-CG would be provided by the host country as appropriate. The Secretariat of the

FE-COCOM

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FE-COCOM (see below) would maintain liaison with E-COCOM to see that no conflict develops in the activities of the E-CG and the FE-CG. Coordination of the activities of the two Groups would be accomplished by an exchange of information on subjects scheduled for discussion. The two Groups would proceed independently to handle issues falling within their respective areas of interest. Agreements reached in one Group would be promptly implemented by the membership; the other group would be informed of the decision reached. The two Groups would meet jointly to consider problems of common interest whenever either Group or a member of either Group believes such a problem exists.

d. Terms of Reference

The FE-CG would have jurisdiction on a policy level over economic security problems having an important Far Eastern aspect. This would require determination of the nature and level of economic security measures in the Far East. In this connection a distinction would have to be established by the FE-CG between the measures to be applied in the present period of hostilities and those to be applied in the post-aggression period. It would also consider problems referred to it by the FE-COCOM for resolution.

2. Far East COCOM

a. Membership

The membership of the Far East COCOM would be identical with the membership of the FE-CG.

b. Location

The location of the FE-COCOM shall be determined by the FE-CG. (If a preference has to be expressed in the course of the current negotiations, the United States should point out the technical reasons why eventual location in the Far East may be desirable, but should, of course, be prepared to agree to an alternative location which might be favored by Japan and the other countries concerned.)

c. Administration

The FE-COCOM would require its own permanent secretariat to service its activities.

d. Terms of Reference

The FE-COCOM would operate on the working level within the framework of policy decisions made by the FE-CG or directives provided

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by that Group. It would be responsible for working out in detail the economic security measures to be applied by its membership in Far Eastern trade.

B. Operations

The manner in which the proposed organization would function can best be understood by indicating the manner in which certain major aspects of the economic security effort would be handled.

There would have to be a general operating arrangement for assuring coordination of decisions. This could be accomplished by an arrangement whereby the Far East COCOM would transmit its decisions to the European COCOM for information and parallel action, and vice versa. It should be understood that the members of the Far East COCOM will immediately put into effect any decisions reached unanimously in the Committee and that the European COCOM would do the same thing. Failure to reach unanimous agreement in the Far East COCOM will result in referral of an issue to the FE-CG, just as failure to reach agreement in the European COCOM results in referral to the E-CG. If as a result of the review by E-COCOM or the FE-COCOM of the action taken in the other, or by one of the policy Groups of a decision taken by the other, it appears that there is a conflict of policy, the conflict would be referred to a joint meeting of the FE-CG and the E-CG sitting as a top policy body. The latter body would also consider economic defense policy problems of common interest to the European and Far Eastern areas.

1. Development of Strategic Lists

a. Review of the Control Lists of FE-COCOM Countries and of E-COCOM in Relation to Chinese Military Activity and War Potential

One of the first tasks with which the Far East COCOM should deal would be a critical review of the control lists of all FE-COCOM countries and of E-COCOM with a view to developing a list which best meets the problem of restricting Chinese military activity and war potential. This may serve also as the starting point for a general evaluation of the vulnerability of China to trade controls, an evaluation which would be basic to the future development of the work in the Far East COCOM.

b. Changes in China Embargo List in Post-Aggression Period

After termination of China's status as an aggressor by the United Nations, the Far East COCOM would review its lists to determine what the appropriate level of Far Eastern controls would be at that stage.

2. Review

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2. Review of Existing List II Quotas

A second urgent task which would face the Far East COCOM would be a review of existing List II quotas to determine whether or not there is interest in a particular item on the part of an FE-COCOM member which has not participated in the E-COCOM discussions. In the event that it does appear necessary to revise a global quota, or to rearrange the country allocations to permit Japan a share in the existing global quota, a decision to that effect would be transmitted from the Far East COCOM to the European COCOM for their information and parallel action if possible in accordance with the general operating arrangement.

3. Review of List III Items

A third task which would be undertaken by the Far East COCOM promptly would be a review of existing List III items, whether or not on the China Embargo List, to determine whether there are circumstances in the Chinese economic situation or that of member countries which indicate that there should be a quota established for the Soviet bloc as a whole.

4. Transit and Free Port Problems

The Far East COCOM would review existing European COCOM agreements on transit control in the light of particular Far Eastern transit control problems (such as Hong Kong, Macao, the Philippines, IndoChina, etc). If there are specific changes which should be made or techniques adopted to meet special Far Eastern situations, the problem would be handled in the Far East COCOM. If it becomes apparent that the problem was primarily an issue of source country controls, it would be handled in the appropriate Committee structure, with close liaison between the two Groups. If approaches on special problems (in the transit control field or in other fields for that matter) to countries outside the FE-COCOM appeared desirable, the E-COCOM could recommend negotiations with such countries to be made on behalf of the FE-CG.

5. Special Problems Involving Exceptions or TA Negotiations

The Far East COCOM would review special exceptions problems or trade agreement negotiating problems involving exports to the Far East Soviet bloc on the basis that the procedures to be adopted would be similar to those already in effect in the European COCOM. Problems involving proposed trade deals by Far Eastern countries with countries of the European Soviet bloc, and similar deals undertaken by European countries with a Communist bloc in the Far East would be discussed in the Far East COCOM and reported to the European COCOM according to the general operating procedures.

6. Shipping Problems, or Other Special Problems

Shipping problems and other special problems such as those relating to foreign assets controls would be discussed in the Far East COCOM whenever major Far Eastern aspects are involved.